

**MINUTES**  
**ALABAMA REAL ESTATE APPRAISERS BOARD**  
**RSA UNION BUILDING**  
**100 NORTH UNION STREET**  
**SUITE 370**  
**MONTGOMERY, ALABAMA**  
**May 17, 2002**

**MEMBERS PRESENT:**

Mr. Steve Martin  
Mr. Chester Mallory  
Mr. Wilder H. Cheney  
Mrs. Jane Mardis  
Mr. Mandell Tillman  
Mr. Gary Carter  
Mr. R.L. Farmer, Jr.

**MEMBERS ABSENT:**

Mr. Ronald Parker  
Mr. Otis Stewart, Jr.

**OTHERS PRESENT:**

Mr. J.W. Holland, Jr.  
Mrs. Lisa Brooks  
Ms. Neva Conway

**GUESTS PRESENT:**

Mr. Kenneth Keener  
Ms. Cindy Jowers

- 1.0 With quorum present Mrs. Mardis, Vice-Chairman called the meeting to order at 9:15 a.m. The meeting was held at the RSA Union Building, 100 N. Union Street, 3<sup>rd</sup>. Floor Conference Room, Montgomery, Alabama.
- 1.1 The meeting was opened with prayer by Mr. Cheney and then the Pledge of Allegiance.
- 2.0 Members present were Mr. Steve Martin, Mr. Wilder H. Cheney, Mr. Chester Mallory, Mrs. Jane Mardis, Mr. Mandell Tillman, Mr. Gary Carter, and Mr. R.L. Farmer, Jr. Members absent were Mr. Ronald Parker and Mr. Otis Stewart, Jr. At this time the Board welcomed new Board Member Mandell Tillman. Mr. Tillman is replacing Mr. Kenneth Kenner from the 4<sup>th</sup>. Congressional District. The Board also welcomed guest Ms. Cindy Jowers, Executive Director of the Appraiser Group Data Association.

Ms. Conway issued the Oath of Office to Mr. Tillman. After the Oath of Office was issued to Mr. Tillman Mrs. Mardis presented outgoing member Mr. Keener with a commemorative plaque from the Board.

- 3.0 On motion by Mr. Mallory and second by Mr. Cheney the regular minutes for April 19, 2002 were approved as written. Mr. Carter abstained. All in favor, motion carried.

- 3.2 Ms. Conway informed the Board per a conversation with Mr. Greg Albritton who is representing Mr. John R. Knight and Mr. John K. Knight that the Judge in Clarke County ruled in favor of the Knights. Ms. Conway has not received anything from the courts regarding this ruling but suggested to the Board that the decision if factual should be appealed.

Ms. Conway informed the Board she has several hearings scheduled in the following months. Mr. Holland suggested and the Board agreed that full two-day meetings will be in order until the backlog of hearings are cleared out.

- 4.0 Ms. Conway informed the Board there was no Legislative report at this time.

- 5.0 On motion by Mr. Martin and second by Mr. Farmer the following applications were voted on as listed. All in favor, motion carried.

- 5.1 **Trainee Real Property Appraiser applications approved:** Brook B. Autrey, Diana Banzhoff, Robert Beckman, Nicole Bozone, Kevin Brightwell, James B. Brown, Frederick Chatman, Rebecca Clifton, Sharon Craft, Richard Craig, Gregory Dalton, Jim Dennis, Rhonda Gable, Rory Gladden, Gregory Green, Anthony Johnson, Jimmy McKay, Sandra Norris, Martha Reece, James Robinson, Jeffery Sasser, Thomas Sawyer, Gregory Shepard, Howard G. Smith, Nancy Sploat, Jack Templeton, Marvin Underwood, John Waller (Recip.)(GA), Renee Wendell, Donald Wilsdorf, James W. Wilson, Eric Wolfe.

- 5.2 **State Registered Real Property Appraiser application deferred:** Kathy Jo Dethrage, Larry W. Humber.

- 5.3 **Licensed Real Property Appraiser application approved:** Charles M. Underwood.

- 5.4 **Certified Residential Real Property Appraiser applications approved:** David W. Linn, Alyson Watson. **Applications deferred:** Walter S. Listuon, Jean C. Perry, William R. Shamblin, John P. Springer, Wardlaw M. Watson, Jr., Keith B. Webb.

- 5.5 **Certified General Real Property Appraiser applications approved:** Bradford Johnson (Recip.)(GA), Larry G. Sharp (Recip.)(KY), John Wilkins, Jr. (Recip.)(NC).

- 6.0 Mr. Mallory gave financial report informing the Board that we were 58% into the fiscal year and 55% into budget expenditures. Mr. Holland stated at this time there were no negative trends, which could not be reconciled. On motion by Mr.

Cheney and second by Mr. Farmer the Board voted to accept the financial report as read. All in favor, motion carried.

- 6.1 On motion by Mr. Mallory and second by Mr. Farmer the following education courses and instructor recommendations were approved or denied as indicated:

**APPRAISAL INSTITUTE - CHICAGO**

(LIC) Course 330 – Apartment Appraisal: Concepts & Applications – 16 Hours  
(C.E.)

(LIC) Course 500 – Advanced Residential Form & Narrative Report Writing -  
(C.E.) 40 Hours

(LIC) Course 510 – Advanced Income Capitalization – 40 Hours  
(C.E.)

(LIC) Course 520 – Highest & Best Use & Market Analysis – 40 Hours  
(C.E.)

(LIC) Course 530 – Advanced Sales Comparison & Cost Approaches – 40  
(C.E.) Hours

(LIC) Course 540 – Report Writing & Valuation Analysis – 40 Hours  
(C.E.)

(LIC) Course 550 – Advanced Applications – 40 Hours  
(C.E.)

(LIC) Course 600 – Income Valuation of Small, Mixed-Use Properties – 16  
(C.E.) Hours

(LIC) Course 610 – Cost Valuation of Small, Mixed-Use Properties – 16  
(C.E.) Hours

(LIC) Course 620 – Sales Comparison Valuation of Small, Mixed-Use  
(C.E.) Properties – 16 Hours

(LIC) Course 700 – The Appraiser as an Expert Witness: Preparation &  
(C.E.) Testimony – 16 Hours

(LIC) Course 705 – Litigation Appraising: Specialized Topics & Applications  
(C.E.) 16 Hours

(LIC) Course 710 – Condemnation Appraising: Basic Principles &  
(C.E.) Applications – 16 Hours

(LIC) Course 720 – Condemnation Appraising: Advanced Topics &  
(C.E.) Applications – 16 Hours

## **INTERNATIONAL ASSOCIATION OF ASSESSING OFFICERS**

(C.E.) Course 300 – Fundamentals of Mass Appraisal – 30 Hours  
(Approved Instructor: William Gibbs, CAE)

(C.E.) Course 651 – GIS for Instructors – 15 Hours  
(Approved Instructor: Susan Marlow)

## **INTERNATIONAL RIGHT OF WAY ASSOCIATION**

(C.E.) Course 900 – Principles of Real Estate Engineering – 16 Hours  
(Approved Instructor: Ronald L. Williams)(Course previously approved)

## **MCKISSOCK DATA SYSTEMS**

(C.E.) Appraiser Liability – 7 Hours  
(Approved Instructor: Kenneth C. Guilfoyle)

(C.E.) Appraising the Oddball: Nonconforming & Difficult Properties –  
7 Hours  
(Approved Instructor: Kenneth C. Guilfoyle)

At this time Mr. Holland introduced new employee Ms. Miriam Young who is replacing Ms. Beth Johnson as Education Coordinator.

6.2

The Board reviewed the following disciplinary report, which was included in their books. On April 19, 2002, a Trainee Real Property Appraiser signed a Consent Settlement Order in connection with the appraisal of condominium unit. Terms of the consent settlement order include a private reprimand; a \$500 administrative fine, and successful completion of a Board approved 15-hour USPAP course with exam and a 40-hour Appraisal Fundamentals course with exam. The discrepancies identified in the appraisal report are detailed as follows: In the Site Description under Size, Licensee failed to provide the dimensions and/or gross area of the subject condominium site; under Density, failed to state the units per acre; and under View, failed to describe the site as Gulf front. Licensee failed to cite the specific zoning classification of the subject site, which was BTL – Tourist Lodging District. Licensee’s description of market conditions within the subject neighborhood consisted of a boilerplate statement that provided no meaningful data summarizing market conditions prevailing in the Gulf Shores condominium market at the time of appraisal. In the Sales Comparison Analysis, a 7-month old sale of an identical unit located one floor above the Subject was excluded from the analysis. This sale indicated a value for the Subject that was \$37,500 lower than the Sales Comparison Approach value conclusion in the report. The comparable sales used in the report were inaccurately described and the comparative analysis was incorrectly applied and misleading. As a result, the appraisal report was misleading and the final value conclusion was not supported by credible analysis of the comparable market data. Sale #1: The View for Gulf-front Sale #1 was incorrectly identified as “Interior” and the substantial minus adjustment required for superior view compared to the Subject was omitted from the analysis as a result: Sale #1 was incorrectly

described as having a 3BR-2BA floor plan; MLS data in the work file clearly disclosed that the unit was “nicely furnished” when sold – the report reflects no disclosure or adjustment for the inclusion of personal property in the sale. Sale #2: Sale #2 was inaccurately described as “Corner” rather than (Gulf front/Corner” and the (-) \$3,000 adjustment was applied to the superior View was grossly inadequate. The Unit # for Sale #2 was incorrectly identified as “Unit #108) – the correct Unit # was 1A1. A (+) \$3,000 adjustment was applied for open parking in spite of MLS data from the work file that clearly showed the sale having covered parking. Sale #3: The View for Gulf-front Sale #3 was incorrectly identified as “Interior” and the required adjustment for superior view was omitted from the analysis as a result; A (-) \$10,000 adjustment was applied to Sale #3 for Floor Location – there was no explanation or market data provided in the report or work file to justify or support the adjustment; The Sales Price for Sale #3 was incorrectly shown as \$195,000 – the correct sales price was \$186,500; the Age of Sale #3 was misrepresented as “17Act/8Eff+/-“. The condominium complex was constructed in 1995 and the actual age at the time of appraisal was approximately 5 years; In a prior appraisal of the Subject, the sale of another unit from the same complex was described as having an Actual and Effective Age of 1 year; A (+)\$2,000 adjustment was applied for open parking in spite of MLS data from the work file that clearly showed having covered parking. Licensee failed to apply the Income Approach in appraising the subject property and failed to provide explanation or justification for its omission from the appraisal process. The following USPAP Standards (2000 Ed.) were violated: 1-1(a), 1-1(b), 1-1(c), 1-3(a), 1-4(a), 1-4(c), 2-1(a), 2-1(b), 2-2(b)(iii), 2-2(b)(xi).

On April 19, 2002, David R. Mitchell, a Trainee Real Property Appraiser (T00699), signed a Voluntary Revocation Consent Settlement Order while under investigation for complaints related to appraising a single-family residential property. Licensee agreed to surrender his license to the Alabama Real Estate Appraiser Board in lieu of formal charges being issued by the Board. Terms of the Order stipulate that the licensee will be eligible to apply for reinstatement of his license after the expiration of a period of two years from the date the Board received possession of his license.

On April 19, 2002, a Letter of Warning was issued to a Certified Residential Real Property Appraiser in connection with the appraisal of a single-family residential property in which he signed as the primary appraiser. The Letter of Warning is an informal disciplinary action and will be a permanent document maintained in the investigative file. This disciplinary action will be considered in any future discipline proceedings. The USPAP violations identified in the appraisal report are detailed as follows: True comparable sales were not available in the subject neighborhood. The Licensee used comparable sales that were superior to the subject in appeal, design, and location without making adjustment thus causing an overvaluation of the subject property by 15-20%. The Licensee reported that subject property, a 59-year old house, to have an unrealistically high remaining economic life and physical life of 80 years. This was a contributory cause in the overvaluation of the subject property. The overvaluation of this property caused the lender to rely on a value that could not be supported in this neighborhood. The end result was a loan without sufficient collateral and a sale that other appraisers relied on as a value indicator in this market area thus causing their

reports to be compromised. The following USPAP Standards (1999 Ed.) were violated: 1-1(a), 1-1(b), and 1-1(c).

Mr. Holland discussed with the Board the investigative status charts.

- 6.2.1 The Board reviewed Probable Cause Reports AB-00-43, AB-00-44, AB-00-99, AB-00-100, AB-01-30, AB-01-62, AB-01-63, AB-01-94, AB-01-95, AB-02-09, AB-02-14, AB-02-20, AB-02-27, AB-02-30, and AB-02-32. On motion by Mr. Farmer and second by Mr. Mallory the Board voted to accept staff recommendations. All in favor, motion carried.
- 6.2.2 No anonymous complaints reported at this time.
- 6.2.3 No negotiated settlements to report at this time.
- 6.3 No reciprocal agreements to report since last meeting.
- 6.4 The following reciprocal licenses were issued since last Board meeting: Bradford Johnson (G)(GA), Larry G. Sharp (G)(KY), John Waller (T)(GA), John Wilkins, Jr. (G)(NC).
- 7.0 The temporary permit report was provided to the Board for their information.
- 8.0 Mr. Holland included in the Board books a copy of the article that will appear in the upcoming news bulletin and on our website informing the public of the new Trainee/Supervisor Policy.

Mr. Mallory, Mrs. Mardis and Ms. Conway informed the Board on some of the happenings at the AARO Conference they attended in Seattle, Washington on April 27-30, 2002.

Mr. Holland included in the Board books a copy of a letter from the Appraisal Subcommittee regarding the compliance review, which was performed on March 14-15, 2002. Our agency is in compliance with Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. There were no negative findings.

At 11:10 a.m. on motion by Mr. Farmer and second by Mr. Martin the Board voted to go into Executive Session to discuss good name and character. All in favor, motion carried.

At 11:14 a.m. the Board went back into Regular Session.

### **Reconsideration Hearings**

#### **1:00 p.m. – Christopher Smith (T applying for L)**

At 2:15 p.m. on motion by Mr. Tillman and second by Mr. Cheney the Board voted to go into Executive Session to discuss the good name and character of Mr. Christopher Smith. All in favor, motion carried.

At 2:25 p.m. the Board went back into Regular Session.

On motion by Mr. Farmer and second by Mr. Martin the Board unanimously voted to deny Mr. Smiths request to take the Licensed Real Property test. All in favor, motion carried.

**2:30 p.m. – John K. Knight (T applying for R)**

At 3:12 p.m. on motion by Mr. Farmer and second by Mr. Mallory the Board voted to go into Executive Session to discuss the good name and character of Mr. Knight. All in favor, motion carried.

At 3:35 p.m. the Board went back into Regular Session.

On motion by Mr. Martin and second by Mr. Tillman the Board voted to accept the request from Mr. Albritton who represented Mr. Knight to change Mr. Knights application request from Certified Residential to Licensed Real Property. All in favor, motion carried

On motion by Mr. Tillman and second by Mr. Martin the Board voted to approve Mr. Knight to take the Licensed Real Property test. All in favor, motion carried.

9.0 Meeting adjourned at 3:40 p.m.

Sincerely,

Lisa Brooks  
Executive Secretary

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**APPROVED:** \_\_\_\_\_  
**Jane Mardis, Vice-Chairman**